

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-06 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

FEA-01 AEC-05 DODE-00 FPC-01 H-01 INT-05 L-02 NSC-05

PM-03 SAM-01 OES-03 SS-15 STR-01 /117 W

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R 302034Z JAN 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 5226

C O N F I D E N T I A L SECTION 01 OF 02 OECD PARIS 02664

E.O. 11652: GDS

TAGS: ENRG, OECD

SUBJECT: OECD SEC GEN'S VIEWS ON ORGANIZATIONAL  
CHANGES TO DEAL WITH PRODUCER/CONSUMER  
ISSUES AND GENERAL ENERGY MATTERS

1. IN TWO CONVERSATIONS JANUARY 29 AND 30, VAN LENNEP SET FORTH HIS IDEAS ON HOW TO ORGANIZE TO DEAL WITH ISSUES RELATING TO PRODUCER/CONSUMER CONFERENCE AND GENERAL ENERGY MATTERS.
2. VAN LENNEP SEES NEED FOR AN AD HOC BODY OF FINANCIAL EXPERTS IN OECD TO DEAL WITH BROAD ECONOMIC AND FINANCIAL ISSUES. THIS GROUP, TO INCLUDE FRANCE AND OTHER NON-IEA COUNTRIES, (HE SEES NO WAY TO RESTRICT MEMBERSHIP OF GROUP OTHER THAN TO USE WP-III OR OECD OIL COMMITTEE HIGH LEVEL GROUP, NEITHER OF WHICH HE BELIEVES IS REALLY APPROPRIATE) WOULD PREPARE SUCH ISSUES AS THE OVER-ALL ECONOMIC AND FINANCIAL IMPACT OF HIGH OIL PRICES, THE EFFECTS OF RECYCLING, PROBLEMS RELATING TO OPEC INVESTMENT, THE RELATIONSHIP OF OIL PRICING TO TRADE IN OTHER COMMODITIES, INDEXATION, PROBLEMS OF LDCE ETC. HE CONCEDES THE NEED FOR AN AD HOC GROUP OF FINANCIAL EXPERTS IN IEA ITSELF TO DEAL WITH THOSE FINANCIAL

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ISSUES REQUIRING NEGOTIATING POSITIONS FOR THE CONFER-

ENCE.

3. COOPER (IN A MEETING THIS MORNING DEVOTED MAINLY TO ABOVE ISSUE) TOLD VAN LENNEP THAT IDEA OF TWO AD HOC FINANCIAL GROUPS -- ONE IN OECD TO INCLUDE FRENCH AND ONE IN IEA -- COINCIDED WITH WASHINGTON THINKING, BUT WE SAID THAT MORE THOUGHT NEEDED TO BE GIVEN TO WHICH ISSUES WERE TO BE TAKEN UP IN WHICH GROUP. AMBASSADOR NOTED SPECIFICALLY, FOR EXAMPLE, THAT QUESTION OF OPEC INVESTMENTS IN OECD COUNTRIES MIGHT BE TAKEN UP IN VARIOUS OECD FORUMS, BUT THAT WASHINGTON POSITION HAS NOT YET EMERGED. IN THE CIRCUMSTANCES WE AND COOPER SUGGESTED THAT VAN LENNEP WAIT UNTIL ARRIVAL OF ENDERS ET AL FOR IEA GB MEETING NEXT WEEK BEFORE FLOATING ANY PROPOSAL TO PERMREPS. IN ANY EVENT WE REITERATED FORCEFULLY US VIEW THAT PREPARATION OF CONSUMER POSITIONS FOR EVENTUAL DIALOGUE WITH PRODUCERS MUST BE WORKED OUT IN IEA ON THE BASIS OF SOLIDARITY WITH FRENCH CONSULTED VIA THE THREE CHANNELS DEPARTMENT HAS LAID DOWN IN STATE 9402.

4. VAN LENNEP EXPRESSED STRONG DOUBT THESE CHANNELS WILL PROVE ADEQUATE TO SIGN FRENCH ON TO HARD POSITIONS FOR THE CONFERENCE. HE CITED RECENT CONVERSATION WITH GISCARD ON PRODUCER/CONSUMER CONFERENCE IN WHICH LATTER SAID CONSUMER SIDE OF CONFERENCE (NOT CLEAR WHETHER PREPARATORY OR ULTIMATE CONFERENCE) SHOULD CONSIST OF US, JAPAN AND EC SPEAKING WITH ONE VOICE. (ACCORDING TO VAN LENNEP, GISCARD SAID ONLY ONE EC REP IN ROOM. SIC) GISCARD TOLD VAN LENNEP FRANC WOULD COORDINATE ITS POSITIONS WITH EIGHT IN EC CONTEXT AND QUOTE OECD FORMULA UNQUOTE SHOULD BE FOUND TO CONSULT ON EC POSITIONS TOGETHER WITH US AND JAPAN. VAN LENNEP SAID HE EXPLAINED TO GISCARD DIFFICULTY OF PROVIDING FOR US-EC-JAPAN DISCUSSIONS IN OECD MENTIONING LEGITIMATE INTERESTS OF NON EC WESTERN INDUSTRIALIZED COUNTRIES IN P/C CONFERENCE, A POINT WHICH GISCARD, ACCORDING TO VAN LENNEP, DID NOT SEEM TO TAKE SERIOUSLY.

5. VAN LENNEP CITED GISCARD'S VIEWS TO RETURN TO HIS PET IDEA OF EVENTUALLY USING OECD HIGH LEVEL OIL GROUP AS MECHANISM FOR LOCKING FRENCH INTO JOINT CONSUMER CONFIDENTIAL

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POSITION. WE REJECTED THIS APPROACH AND SAID ALL SUCH IDEAS FOR OECD INSTITUTIONAL SOLUTION TO WORKING WITH FRENCH COULD ONLY PLAY INTO FRENCH HAND AND DILUTE EFFORT TO WORK OUT GENUINE CONSUMER SOLIDARITY IN IEA.

6. VAN LENNEP WANTS TO PROCEED WITH HIS AND LANZKE'S

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C O N F I D E N T I A L SECTION 02 OF 02 OECD PARIS 02664

IDEA OF MELDING OECD OIL AND ENERGY COMMITTEES  
(OECD 996 ) INTO ONE BODY. HE FIRST WANTS TO POSE THE  
ISSUE OF WHETHER RESTRICTED HLG SHOULD  
ALSO BE RETAINED AS POTENTIAL FORUM IN SOME FORMAL  
RELATIONSHIP TO NEW BODY AS PREVIOUS HLG HAD TO OECD OIL  
COMMITTEE. WE TOLD HIM THAT WASHINGTON HAD NO RPT NO  
PLANS TO USE HLG IN THE FORESEEABLE FUTURE. VAN LENNEP  
AGREES THAT HLG SHOULD BE KEPT IN ITS PRESENT DORMANT  
STATE BUT HE WOULD NOT LIKE DELIBERATELY TO DO AWAY WITH  
THIS INSTITUTIONAL OPTION WHICH HE SAID WE MAY WISH TO  
CALL UPON IN FUTURE. WE OPINED WASHINGTON MIGHT AGREE TO  
MAINTAINING THIS OPTION UNDER SOME LOW KEY PROCEDURAL/  
LEGAL FORMULA IN CONNECTION WITH TRANSFERRING THE MANDATE  
OF THE OIL COMMITTEE TO THE NEW COMMITTEE PROVIDED IT  
WAS QUITE CLEAR HLG WOULD NOT BE CONVENED IN THE FORE-  
SEEABLE FUTURE. IN ANY EVENT WE MADE CLEAR THAT  
WASHINGTON'S POSITION ON THIS MATTER HAD NOT TO OUR  
KNOWLEDGE BEEN DEFINED AND THAT VAN LENNEP WOULD HAVE A  
CHANCE TO TALK TO ENDERS ABOUT IT NEXT WEEK.

6. BASED ON OUR CONVERSATIONS WITH HIM, VAN LENNEP HAS

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POSTPONED INDEFINITELY AN INFORMAL MEETING HE HAD CALLED  
WITH THE PERMREPS OF THE HLG. HE DOES HOWEVER WANT TO

SEE ENDERS AS SOON AS POSSIBLE AFTER HIS ARRIVAL (SEE  
SEPTTEL). WE HOPE WASHINGTON WILL BE ABLE TO GIVE HIM  
SOME PRECISE INDICATIONS ON ORGANIZA-  
TIONAL ISSUES RAISED HEREIN WHICH WE WOULD APPRECIATE  
DISCUSSING WITH ENDERS BEFORE HE SEES VAN LENNEP.  
TURNER

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